

04413

CHILD & FAMILY INSTITUTE
FINANCIAL STATEMENTS
JUNE 30, 2008

BODEN KLEIN & SNEESBY

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Child & Family Institute
Sacramento, California

We have audited the accompanying statement of financial position of Child & Family Institute (a nonprofit organization) as of June 30, 2008, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Child & Family Institute as of June 30, 2008 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated November 13, 2008, on our consideration of Child & Family Institute's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Child & Family Institute taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations", and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.


BODEN KLEIN & SNEESBY
Certified Public Accountants

November 13, 2008

CHILD & FAMILY INSTITUTE
Statement of Financial Position
June 30, 2008

ASSETS

Current assets:	
Cash and cash equivalents	\$ 791,401
Accounts receivable	350,104
Prepaid expenses and deposit	44,097
Employee advances	<u>991</u>
Total current assets	1,186,593
Property and equipment, net	<u>76,756</u>
TOTAL ASSETS	<u>\$ 1,263,349</u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable	\$ 8,976
Accrued expenses	133,969
Deferred revenue	<u>123,972</u>
Total current liabilities	266,917
Net assets:	
Unrestricted	<u>996,432</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,263,349</u>

See notes to financial statements.

CHILD & FAMILY INSTITUTE
Statement of Activities
For the Year Ended June 30, 2008

Support and revenue:	
Government grants and contracts	\$ 2,928,140
Donations	19,689
Service fees and other income	210,334
Loss on disposal of assets	(1,359)
Interest income	<u>4,339</u>
Total support and revenue	<u>3,161,143</u>
Expenses:	
Program services	2,605,949
General and administrative	<u>257,729</u>
Total expenses	<u>2,863,678</u>
Change in net assets	297,465
Net assets, beginning	<u>698,967</u>
NET ASSETS, ENDING	<u>\$ 996,432</u>

See notes to financial statements.

CHILD & FAMILY INSTITUTE
Statement of Functional Expenses
For the Year Ended June 30, 2008

	Program Services	General & Administrative	Total
Salaries	\$ 1,548,659	\$ 153,164	\$ 1,701,823
Payroll taxes and benefits	332,145	32,850	364,995
Occupancy	221,798	21,936	243,734
Repairs and maintenance	89,217	8,824	98,041
Contract services	83,515	8,259	91,774
Telephone and utilities	62,349	6,167	68,516
Legal and accounting	51,491	5,092	56,583
Insurance	48,334	4,780	53,114
Office supplies and expense	47,492	4,697	52,189
Travel	42,758	4,228	46,986
Depreciation	31,345	3,100	34,445
Meetings and development	21,646	2,141	23,787
Fees and charges	10,732	1,061	11,793
Subscriptions and dues	9,920	981	10,901
Advertising	4,548	449	4,997
Total expenses	<u>\$ 2,605,949</u>	<u>\$ 257,729</u>	<u>\$ 2,863,678</u>

See notes to financial statements.

CHILD & FAMILY INSTITUTE
Statement of Cash Flows
For the Year Ended June 30, 2008

Cash flows from operating activities:	
Change in net assets	\$ 297,465
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	34,445
Loss on disposal of assets	1,359
Changes in operating assets and liabilities:	
Accounts receivable	(1,962)
Prepaid expenses and deposits	26,611
Employee advances	(990)
Accounts payable	(21,891)
Accrued expenses	7,938
Deferred revenues	<u>73,788</u>
Net cash provided by operating activities	416,763
Cash flows from investing activities:	
Purchases of equipment	<u>(27,928)</u>
Net increase in cash and cash equivalents	388,835
Cash and cash equivalents, beginning	<u>402,566</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 791,401</u>

See notes to financial statements.

CHILD & FAMILY INSTITUTE

Notes to Financial Statements

June 30, 2008

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES:

a. Reporting entity -

Child & Family Institute is a non-profit public benefit corporation established under the laws of the State of California. The Institute is organized for the prevention and treatment of child abuse and for community education on child abuse issues in the Sacramento area.

b. Standards of reporting -

The Institute prepares its financial statements using the accrual method of accounting. Revenues are recognized when earned and expenses are recognized when incurred. The Organization also prepares its financial statements under the provisions of Financial Accounting Standards Board Number 117, "Financial Statements of Not-for-Profit Organizations." This statement requires that the Institute classify its assets and liabilities as unrestricted, temporarily restricted, or permanently restricted. The organization had no temporarily or permanently restricted net assets at June 30, 2008.

c. Use of estimates -

The preparation of financial statements in conformity with U. S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

d. Property and equipment -

All acquisitions of property and equipment in excess of \$5,000 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over lives ranging from three to seven years.

The Institute uses certain vehicles, furniture, and equipment acquired through funds provided under contracts with governmental agencies. Because the funding agencies retain title during the term of the contract, the assets purchased are expensed in the year acquired.

CHILD & FAMILY INSTITUTE

Notes to Financial Statements

June 30, 2008

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

e. Accounts receivable -

Accounts receivable consist of amounts owed the Institute for service fees and from governmental grants and contracts. The Institute maintains no allowance for doubtful accounts as management estimates that all receivables are fully collectible.

f. Expense allocation -

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

g. Income taxes -

Child & Family Institute is an organization exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and related state statutes.

h. Cash and cash equivalents -

The Institute considers all cash and certificates of deposit and securities with original terms of maturity of less than three months as cash equivalents.

i. Concentration of credit risk -

The Institute maintains its cash balances in financial institutions that, at times, may exceed federally insured limits. The Institute has not experienced any losses in such accounts. Management believes the Institute is not exposed to any significant credit risk related to cash and cash equivalents.

The Institute receives a significant portion of its support from governmental agencies. These funds are subject to audit by agents of the funding authorities, the purpose of which is to ensure compliance with conditions precedent to providing such funds. Management believes that any liability for reimbursement that may arise as the result of such audits would not be material. However, if a significant reduction in funding from these governmental agencies occurred, the Institute's ability to maintain related programs would significantly decrease.

CHILD & FAMILY INSTITUTE

Notes to Financial Statements

June 30, 2008

NOTE 2 - PROPERTY AND EQUIPMENT:

Property and equipment consist of the following:

Equipment	\$ 361,757
Furniture and fixtures	187,595
Leasehold improvements	<u>45,156</u>
Total	594,508
Less: accumulated depreciation	<u>517,752</u>
Net property and equipment	<u>\$ 76,756</u>

NOTE 3 - LINE OF CREDIT:

The Institute has a \$200,000 unsecured revolving line of credit available with Bank of the West, with interest only payable monthly at one percent above the bank's prime rate. Principal is due on demand. As of June 30, 2008, there was no outstanding balance.

NOTE 4 - OPEATING LEASES:

The Institute leases office space under non-cancellable operating leases with total current monthly payments of \$19,240. Operating lease rental expense was \$222,001 for the year ended June 30, 2008. Future lease commitments are as follows:

<u>Year Ended June 30,</u>	
2009	\$ 220,116
2010	210,304
2011	<u>89,163</u>
Total	<u>\$ 519,583</u>

NOTE 5 - RETIREMENT PLAN:

The Institute sponsors a 403(b) deferred compensation arrangement, in which employees can defer a portion of their salaries subject to IRS limitations. The Institute also may make discretionary matching contributions annually. For the year ended June 30, 2008, the Institute made matching contributions of \$28,531, and is included on the statement of functional expenses as part of payroll taxes and benefits.

CHILD & FAMILY INSTITUTE
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2008

CHILD & FAMILY INSTITUTE
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

<u>Federal Grantor/Program Title/ Pass-Through Grantor</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Health and Human Services</u>		
Passed through County of Sacramento Mental Health Early Periodic Screening And Diagnostic Testing	93.104	<u>\$ 1,338,215</u>
<u>U.S. Department of Justice</u>		
Passed through State of California Office of Emergency Services Comprehensive Child Abuse Treatment Services (CHAT)	17.248	<u>198,380</u>
TOTAL		<u>\$ 1,536,595</u>

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of Federal Awards includes the federal grant activity of Child & Family Institute and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

BODEN KLEIN & SNEESBY

Certified Public Accountants

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Child & Family Institute
Sacramento, California

We have audited the financial statements of Child & Family Institute (a nonprofit organization) as of and for the year ended June 30, 2008, and have issued our report thereon dated November 13, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting:

In planning and performing our audit, we considered Child & Family Institute's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Child & Family Institute's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

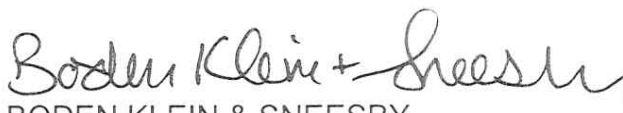
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and other matters:

As part of obtaining reasonable assurance about whether Child & Family Institute's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended solely for the information of the Board of Directors, management, federal awarding agencies, and pass through entities and is not intended to be and should not be used by anyone other than these specified parties.


BODEN KLEIN & SNEESBY
Certified Public Accountants

November 13, 2008

BODEN KLEIN & SNEESBY

Certified Public Accountants

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors
Child & Family Institute
Sacramento, California

Compliance:

We have audited the compliance of Child & Family Institute (a nonprofit organization) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2008. Child & Family Institute's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Child & Family Institute's management. Our responsibility is to express an opinion on Child & Family Institute's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Child & Family Institute's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Child & Family Institute's compliance with those requirements.

In our opinion, Child & Family Institute complied in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance:

The management of Child & Family Institute is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contract and grants applicable to federal programs. In planning and performing our audit, we considered Child & Family Institute's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Child & Family Institute's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information of the Board of Directors, management, federal awarding agencies, and pass through entities and is not intended to be and should not be used by anyone other than these specified parties.


BODEN KLEIN & SNEESBY
Certified Public Accountants

November 13, 2008

CHILD & FAMILY INSTITUTE
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the (general purpose) financial statements of Child & Family Institute.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of Child & Family Institute were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs is reported in the Report of Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for Child & Family Institute expresses an unqualified opinion.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this schedule.
7. The programs tested as major programs include: Mental Health Early Periodic Screening and Diagnostic Testing; CFDA No. 93.104.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Child & Family Institute did not qualify as a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

CHILD & FAMILY INSTITUTE
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS
AUDIT.

	<u>Questioned Costs</u>
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES	
Mental Health Early Periodic Screening & Diagnostic Testing CFDA No. 93.104	None

CHILD & FAMILY INSTITUTE
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2008

Findings - Audit of Financial Statements

Finding 07-01 - Monthly Closing Process

Finding:

The finding was a material weakness stating that the accounting closing process was not adequate to prepare financial statements.

Recommendation:

The auditor recommended that account analysis and reconciliations should occur on a regular basis to ensure accurate and timely financial information.

Current Status:

The recommendation was adopted for fiscal year ended June 30, 2008. No similar findings were noted in the June 30, 2008 audit.

Finding 07-02 - Internal Controls over Cash Disbursements

Finding:

The finding was a material weakness stating that the Institute was consistently obtaining purchase approval or maintaining supporting documentation for disbursements.

Recommendation:

The auditor recommended that policies and procedures be implemented for cash disbursements to ensure adequate approval and support be documented.

Current Status:

The recommendation was adopted for fiscal year ended June 30, 2008. No similar findings were noted in the June 30, 2008 audit.

Finding 07-03 - Journal Entries

Finding:

The finding was a material weakness stating that the Institute did not maintain adequate supporting documentation for journal entries posted to the general ledger.

Recommendation:

The auditor recommended that supporting documentation be maintained and reviewed by an appropriate official for all journal entries posted to the general ledger.

Current Status:

The recommendation was adopted for fiscal year ended June 30, 2008. No similar findings were noted in the June 30, 2008 audit.